

*State of Missouri*

**Communications  
Cost Allocation Plan**



*Fiscal Year 2012*

# **Office of Administration Information Technology Services**

## **State of Missouri Communications Cost Allocation Plan Fiscal Year 2012**

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# Background and General Description

## Purpose

This document explains the methodology utilized by the Information Technology Services Division in developing rates for communications services provided to state agencies, colleges, and universities. The authorization to develop rate structures and establish a 1986 charging system is provided under Chapter 37, RSMo 1986.

This Cost Allocation Plan, and the process by which it is developed, is consistent with the revolving administrative trust fund methodology utilized by the Information Technology Services Division the past several years. The estimated expenditures and rates set forth herein provide the means for ensuring full cost recovery based on agency use of services. As with any plan, actual events and historical data will require close monitoring and some revisions.

## Pricing Concepts

The major objective of the Information Technology Services Division is to provide state agencies and organizations cost effective and efficient shared communications resources. Achievement of this objective results in improved productivity in state government and more effective delivery of governmental services to the citizenry by state agencies.

The charging systems or objectives associated with this Cost Allocation Plan methodology can be summarized as follows:

- 1 establish usage sensitive pricing of services
- 2 provide rate stabilization
- 3 develop a cost for the total communications service package which is less than can be obtained elsewhere
- 4 provide agencies maximum flexibility in controlling use
- 5 minimize the impact of future rate changes and/or cost increases
- 6 maximize economies of scale opportunities available through resource sharing.

## Revolving Administrative Trust Fund

The revolving administrative trust fund was established to receive funds paid or transferred to the Office of Administration by agencies of the state for goods and services utilized by

such agencies. Spending ceiling authorization is enacted annually by appropriation and any unencumbered balance in excess of 1/8 of the amount appropriated to the revolving administrative trust fund at the close of the fiscal year reverts to the general revenue fund in accordance with other provisions of the law. No monies are actually provided to the Office of Administration under this appropriation. The funds to pay for communications services are appropriated by the General Assembly directly to the state agencies, colleges, and universities. Payment for communications services are made by the Office of Administration from the revolving administrative trust fund. The fund is then replenished by monthly billing to state agencies, colleges and universities based on the use of services.

### Expenditure Planning

One of the key components of this Cost Allocation Plan is developing an overall schedule and general allocation of anticipated expenditures. The expenditure plan contained in Section C of this report reflects the best estimate of the costs required to provide communications services to state agencies over a twelve month period.

### Development Methodology

A cost-based development methodology was employed in establishing the billing rates detailed in this plan. The benefits of this cost based methodology are two fold: (1) as a full cost approach, both direct and indirect costs are included, and the problem of under or over recovery of communications total budget costs is minimized, (2) it provides an equitable method for cost recovery; i.e., the rate is based on the amount of resources utilized.

The methodology for development of this Cost Allocation Plan can generally be summarized as the execution of the following eight work steps:

#### 1 Determine Services Provided

The types of services provided by the Telecommunications and Network sections are based on the requirements of state agencies and are typically similar to services provided by regulated telephone utilities, facility based carriers, other common carriers, and resellers of inter-city telecommunications services. These services are provided by the Office of Administration when the state can obtain enhanced shared features and realize economy of scale.

#### 2 Establish Units of Service

The unit of service utilized to measure the volume of service provided for each service type was established based on three major criteria: relationship to the function performed, measurability, and level of control which can be exercised by the customer agencies.

### 3 Compile Estimates of Utilization

The Fiscal Year 2011 utilization of each service category was compiled. The category estimates were then used as a basis for projections or estimates for Fiscal Year 2012 of each type of service.

### 4 Identify Types of Costs

Two basic types of costs were identified: (1) allocated direct; and (2) allocated indirect. Allocated direct costs were those costs that can be directly identified with providing a type of service. Costs allocated indirectly are related costs that cannot be directly identified with providing a specific type of service.

### 5 Determine Allocated Direct Costs

Budgeted expense and equipment costs that could be directly identified with providing a specific type of service were accumulated to determine total allocated direct cost by type of service. In some cases an expense or equipment cost applies to more than one service category. The cost is then split by percentage among the appropriate type of service.

### 6 Determine Allocated Indirect Costs

Budgeted expense, equipment and personnel costs that could be indirectly identified with providing a specific type of service were accumulated to determine total allocated indirect cost by type of service.

### 7 Summarized Total Cost by Service

Total cost by service was determined by adding the direct and indirect allocated costs.

### 8 Calculate Cost Per Unit of Service

The cost per unit of service was calculated by dividing the total annual cost by the total estimated annual utilization.

## Service Category Definitions

### Centrex Access

The basic unit of service provided by State Telecommunications to customers is access (dial tone). Embarq provides this service under the service mark of Centrex in Jefferson City, Rolla, Warrensburg and Maryville. This basic unit of service allows customers the ability to receive calls from any customer of the world-wide telecommunications system. Also associated with this basic service unit is the unlimited ability of Jefferson City, Rolla,

Warrensburg and Maryville customers to call other customers within their system with four or five digit dialing. This category also includes some other Embark service areas and additional locations will be added throughout the year. Service to Butler, California Clinton, Lebanon and Warsaw was added in Fiscal Year 2003. Major cost components identified with this service element are the line charges and features which allow transmission and receipt of calls from the nationwide toll centers and the Federal End User charge.

#### Dedicated Long Distance

Within the Dedicated Long Distance rate are those costs for the dedicated facilities to terminate the AT&T T1s onto the state's PLEXAR and Centrex services and the cost per minute for the usage that either completes or originates using a PLEXAR or Centrex telephone line. Also included in this rate are the private T1s and central office components for locations that warrants dedicated facilities due to call volumes.

#### Switched Long Distance

Switched Long Distance is the cost-per-minute usage for calls originating from a state telephone line referred to as a Business Line, IFB or tariff local service. In other words, this category would be for any usage originating from a state telephone line other than a line defined as a PLEXAR or Centrex.

#### PLEXAR Access

Access (dial tone) is the basic unit of service provided to customers in cities served by AT&T Telephone Company and has the trademark of PLEXAR. This basic unit of service allows customers to receive calls from any caller on the worldwide telecommunications system. It also permits customers to have the unlimited ability to place calls on the local and state networks and allows three, four and five digit dialing within their system. The major cost elements associated with this service are the feature and station line charges and the Federal End User charge.

#### Data Circuits

Data circuit service is the physical facility and PVCs costs that are used for transport of data applications. Physical facilities include intrastate (inter and intra LATA) and interstate circuits connecting two or more locations together on a dedicated basis as well as MPLS, Frame Relay and local circuits. In general, this service provides the agencies with the order processing, billing functions and contract administration required with the dedicated data circuits. The cost element with this service is the circuit costs and an administrative fee.

#### Wireless Service

Wireless Service includes the purchase of wireless handheld devices and monthly service plans for Blackberry devices, PC modem cards, cellular phones, etc.



### Voice Mail

This category of service provided to customers is access from the central office to the systems located in Jefferson City, Hannibal, Carthage, St. Joseph, Kansas City, Springfield, Sikeston, Hillsboro, Neosho, Nevada, Sedalia, Lee's Summit, Cape Girardeau, Farmington, Poplar Bluff, New Madrid, Joplin, St. Charles and St. Louis. The cost elements of this service include a monthly lease charge for the boxes in Warrensburg and Rolla as well as maintenance on owned systems.

### Pass-Through Telephone Service

Pass-Through service is the process by which the charges billed by the telephone vendors are in turn billed to the appropriate agencies. Charges incurred for services such as local service, toll, and calling cards etc. are billed to the agencies with an administrative fee added.

### Toll-Free

This category is for Toll-Free service such as 800, 888, 877, 866 and 855 numbers where agencies pay the per-call costs instead of the caller. The cost elements for this service include circuit, per minute service cost and an administrative fee.

### Internet Services

Internet Services supplied to state agencies include bandwidth, redundancy, security measures, monitoring and troubleshooting. These services enable state employees to access a wealth of information available on the Internet, as well as allowing state agencies to provide information and e-business services to our customers. Agencies can also additionally utilize these services for VPN (virtual private network) connectivity to remote users or offices, as well as other services such as videoconferencing connectivity to locations outside the boundaries of state government.

### Network and Security Connections

Network and Security Connection services represent the "core" network and security functions provided to all state agencies. As the enabler for connectivity from any agency to enterprise applications (e.g., SAM II), inter-agency electronic communications, or agency connectivity to the Internet, these services also provide various levels of security and redundancy for the customer structures. In addition, technical and consulting services are provided to agencies through this category.

### Unified Communications (UC)

The UC category supports the state's VoIP network to include, but not limited to, Cisco Phones, Personal Communicator, Telepresence, Mobility, and Meeting Place. These services allow for improved collaboration and communication in the most efficient and effective methods available within the state.

## **Contact Information**

- o **Deputy for Operations**  
Steve Siegler
- o **Deputy for Administration**  
Arlan Holmes
- o **Director of Networks and Telecommunications**  
Pete Wieberg
- o **Telecommunications Services & Support**  
Nancy Bochat
- o **Network Infrastructure Support**  
B.J. Atchison
- o **Fiscal Services**  
Joyce Crawford



State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Detailed Budget

Personnel Service			Budget Amount FY11	Budget Amount FY12
1	100%	Account Clerk II	\$25,377	\$25,377
2	100%	Account Clerk II	\$24,574	\$24,574
3	100%	Account Clerk II	\$24,574	\$25,377
4	100%	Accountant I	\$25,377	\$29,577
5	100%	Accountant I	\$29,577	\$29,577
6	100%	Accountant I	\$29,577	\$35,312
7	100%	Accounting Anal II	\$35,312	\$40,208
8	25%	Accounting Specialist II	\$40,208	\$11,562
9	25%	Administrative Office Support Assistant	\$10,626	\$7,395
10	21%	Administrative Office Support Assistant	\$11,562	\$7,832
11	100%	Computer Info Tech I	\$7,832	\$37,296
12	10%	Computer Info Tech I	\$37,296	\$4,171
13	21%	Computer Info Tech Mgr I	\$3,730	\$14,689
14	25%	Computer Info Tech Spec I	\$14,689	\$13,590
15	100%	Computer Info Tech Spec I	\$54,360	\$53,287
16	10%	Computer Info Tech Spec II	\$53,287	\$5,786
17	20%	Computer Info Tech Spec II	\$54,360	\$13,135
18	10%	Computer Info Tech Spec III	\$5,786	\$6,995
19	100%	Computer Info Tech Spec III	\$13,135	\$65,669
20	20%	Computer Info Tech Spec III	\$6,995	\$13,416
21	100%	Computer Info Tech Supv II	\$65,669	\$64,272
22	100%	Computer Info Technologist II	\$13,416	\$33,420
23	100%	Computer Info Technologist III	\$35,053	\$38,700
24	100%	Computer Info Technologist III	\$64,272	\$40,212
25	100%	Computer Info Technologist IV	\$69,948	\$55,548
26	100%	Computer Info Technologist IV	\$29,580	\$49,104
27	100%	Data Processing Manager	\$38,700	\$72,000
28	25%	Data Processor Professional	\$40,212	\$16,770
29	21%	Designated Principal Asst Dept	\$55,548	\$23,100
30	21%	Designated Principal Asst Div	\$54,360	\$19,143
31	21%	Designated Principal Asst Div	\$49,104	\$19,143
32	25%	Executive I	\$23,100	\$8,661
33	25%	Executive I	\$19,143	\$9,492
34	25%	Executive II	\$19,143	\$10,053
35	100%	Fiscal & Administrative Mgr B1	\$8,661	\$55,536
36	25%	Fiscal and Administrative Mgr B2	\$9,492	\$15,889
37	100%	Information Technologist IV	\$10,053	\$52,200
38	25%	Information Technology Spec I	\$55,536	\$13,050
39	50%	Information Technology Spec I	\$16,769	\$28,932
40	100%	Information Technology Spec II	\$15,889	\$61,608
41	25%	Information Technology Spec II	\$14,493	\$13,323
42	50%	Miscellaneous Professional	\$3,049	\$13,569
43	25%	Procurement Ofcr II	\$26,637	\$12,021
44	21%	Sect Mgr Div of Info Svcs	\$12,021	\$16,020
45	21%	Special Asst Professional	\$16,020	\$14,309

State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Detailed Budget (Continued)

Personnel Service (Continued)			Budget Amount FY11	Budget Amount FY12
46	100%	Information Technology Spec II	\$14,309	\$61,608
47	25%	Information Technology Spec II	\$74,272	\$13,323
48	50%	Miscellaneous Professional	\$29,490	\$13,569
49	25%	Procurement Ofcr II	\$28,053	\$12,021
50	21%	Sect Mgr Div of Info Svcs	\$24,574	\$16,020
51	21%	Special Asst Professional	\$24,551	\$14,309
52	100%	Special Asst Professional	\$7,929	\$74,272
53	100%	SR Office Support Asst (CLERICAL)	\$0	\$29,490
54	100%	SR Office Support Asst (CLERICAL)	\$0	\$28,053
55	100%	Sr. Office Support Asst (CLERICAL)	\$0	\$25,355
56	25%	Sr. Office Support Asst (KEYBRD)	\$0	\$7,929
57	100%	UC Engineer	\$0	\$77,000
				\$1,463,000
		OVERTIME , UNALLOCATED PS	\$14,773	\$14,630
		Fringe Benefits	\$611,742	\$605,828
Total Personnel Service:			\$2,103,794	\$2,083,458

State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Detailed Budget (Continued)

Communications Expense and Equipment		Budget Amount FY11	Budget Amount FY12
J901	Hardware and Software Maintenance	\$118,073	\$145,000
J904	Software Maintenance	\$45,333	\$52,658
J906	Hardware Purchase	\$163,250	\$121,500
J910	Consulting Service	\$10,000	\$10,000
J911	Wiring and General Services	\$25,000	\$25,000
	Consulting Service	-\$30,000	\$0
J106	Hardware, Software, Maintenance	\$142,787	\$236,865
J107	Fiber and Backhaul Charges	\$68,100	\$60,000
J111	Digital T1 (PRI) Data Circuits	\$12,000	\$13,500
J114	MoreNet Affiliate Fee	\$22,500	\$25,000
J115	MoreNet Primary Connection	\$152,563	\$79,883
J116	MoreNet Secondary Connection	\$36,800	\$52,590
J121	MoreNet Consulting	\$5,000	\$4,500
J128	Kinetic	\$6,875	\$7,000
JR01	Centrex Lines - Embarq	\$2,761,396	\$1,840,164
JR02	Centrex Tax & Misc - Embarq	\$198,924	\$157,992
JR03	Centrex Fed End User - Embarq	\$361,182	\$88,536
JR04	T1 Terminations (Plexar)	\$78,011	\$78,996
JR05	Dedicated Long Distance Usage	\$989,878	\$947,748
JR06	Plexar Lines - AT&T	\$1,809,174	\$1,775,760
JR07	Plexar VFG Trunks - AT&T	\$1,119,726	\$1,159,152
JR08	Plex Fed End User 9ZR - AT&T	\$1,314,539	\$1,189,620
JR09	Plex Fed End Eucl Credit - AT&T	-\$1,085,297	-\$1,063,080
JR10	Plexar Miscellaneous - AT&T	\$291,126	\$280,836
JR12	Voice Mail Circuits	\$193,894	\$219,787
JR13	Centrex Pass-Through - Embarq	\$445,585	\$417,624
JR14	Toll-Free Service Pass Through	\$73,533	\$18,912
JR16	Plexar Pass Through - AT&T	\$343,570	\$198,072
JR17	Business Line Service	\$1,400,632	\$1,706,976
JR18	Toll Usage on Business & Plexar Invoices	\$27,552	\$38,520
JR19	Directory Assistance	\$14,072	\$14,160
JR21	Toll-Free Termination Charges - AT&T	\$58,920	\$56,664
JR22	Jeff City Music On Hold Circuit	\$426	\$432
JR24	Metropolitan Area Network Services	\$651,859	\$633,384
JR25	SMDR - AT&T	\$1,474	\$1,560
JR26	ARS Package - AT&T	\$2,017	\$1,800
JR27	Satellite Services	\$348,396	\$370,740
JR28	Contract Long Distance Service	\$768,589	\$793,848

State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Detailed Budget (Continued)

Communications Expense and Equipment (continued)	Budget Amount <u>FY11</u>	Budget Amount <u>FY12</u>
JR29 Calling Card Usage	\$14,177	\$13,356
JR30 Frame Relay & Tariff Circuits	\$1,653,390	\$1,365,780
JR31 Dial-Up Internet Access Service	\$272,957	\$278,100
JR34 LD Terminations (Plexar) - AT&T	\$82,200	\$84,480
JR35 Network Transport Circuits	\$492,148	\$396,012
JR37 ISDN-PRI	\$748,842	\$823,440
JR38 Tolls on Centrex Invoices	\$2,979	\$2,976
JR39 Voice Grade Circuits	\$70,603	\$72,972
JR40 Other Centrex Pass-Through	\$0	\$0
JR41 Wireless Services	\$3,691,358	\$3,751,692
JR45 Toll Free Usage	\$2,283,745	\$2,177,124
JR46 MPLS	\$4,363,119	\$5,287,968
JR47 International Usage	\$30,498	\$49,140
JR48 Wireless Accessories	\$0	\$3,780
JR49 Adobe Connect	\$0	\$42,132
JR50 Subscription Voice Mail	\$0	\$5,508
JR51 Conference Call Services	\$0	\$76,416
JR52 Network Directory Listings	\$0	\$600
JT40 Voice Mail Maintenance	\$50,000	\$50,000
JT41 Voice Mail New Equipment	\$0	\$0
JU01 Remediation	\$0	\$379,932
JU02 Network Equipment	\$0	\$0
JU03 Maintenance on Network Equipment	\$0	\$0
JU04 Core UC Structure	\$0	\$0
JU05 Maintenance on Core Structure	\$0	\$0
JU06 Consulting Services - Installation	\$0	\$0
JU07 Consulting Services - Ongoing	\$0	\$0
JU08 PSTN Trunks	\$0	\$310,476
JU09 Network Upgrades	\$0	\$400,000
JU10 Client License	\$0	\$0
JU11 End-User Devices	\$0	\$30,096
JU12 Telepresence	\$0	\$136,572
JU13 UC Loan Amt	\$0	\$1,975,724
JU14 UC Interest	\$0	\$0
JU15 UC LD Circuits	\$0	\$9,600
 Total Expense & Equipment	 \$28,031,824	 \$29,485,575

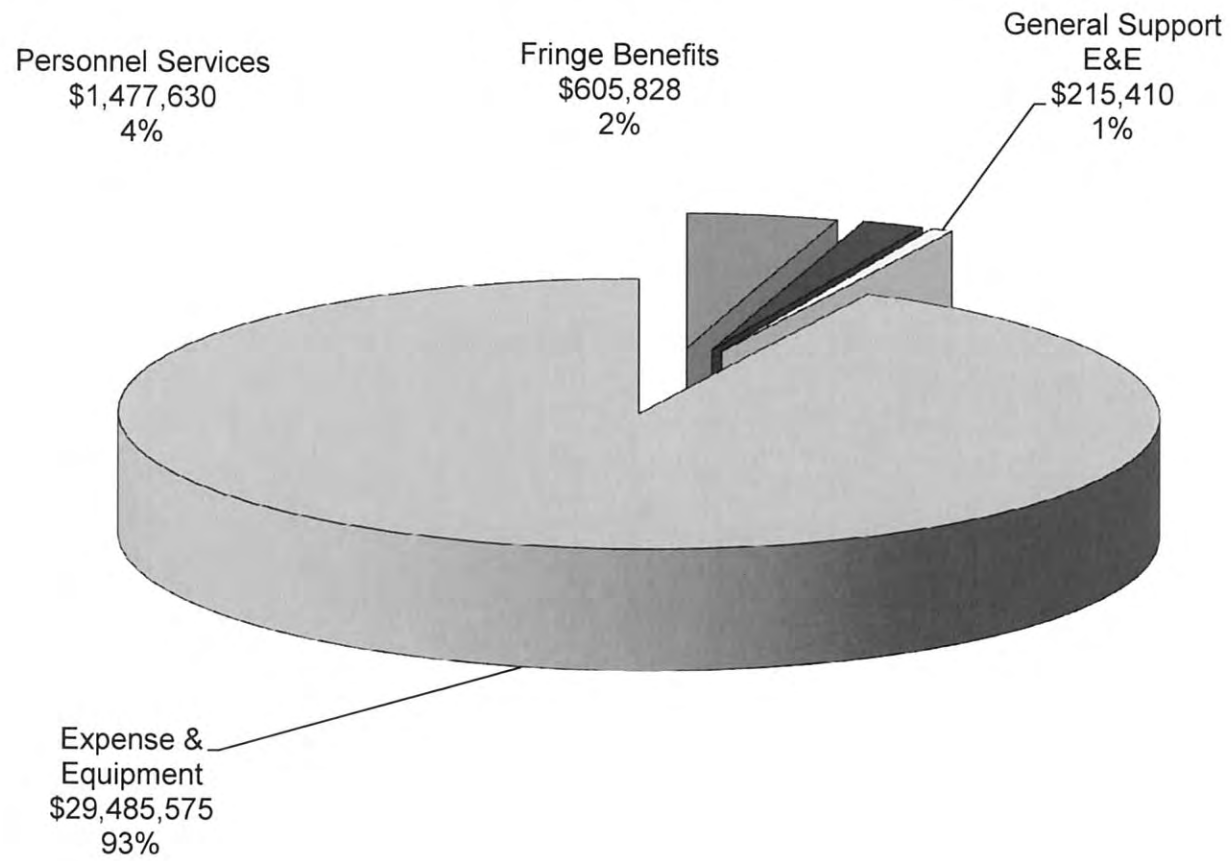
State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Detailed Budget (Continued)

General Support (Indirect) Expense and Equipment		Budget Amount FY11	Budget Amount FY12
JT02	In State Mileage	\$1,500	\$1,500
JT03	In State Lodging	\$4,000	\$4,000
JT04	In State Meals	\$1,500	\$1,500
JT05	In State Other	\$250	\$250
JT06	Out State Mileage	\$500	\$500
JT07	Commerical Trans.	\$2,750	\$2,750
JT08	Out State Lodging	\$3,000	\$3,000
JT09	Out State Meals	\$500	\$500
JT10	Out State Other	\$75	\$75
JT11	Office supplies	\$3,500	\$3,500
JT12	Postage	\$8,000	\$8,000
JT13	Subscriptions	\$50	\$50
JT14	Other Admin Supplies	\$100	\$100
JT15	Vehicle Repair	\$2,500	\$2,500
JT16	Motor Fuel	\$1,000	\$1,000
JT17	Memberships	\$5,000	\$5,000
JT18	Training	\$15,000	\$15,000
JT19	Tuition	\$2,000	\$2,000
JT20	Telcom Supplies	\$6,000	\$6,000
JT21	Telcom Charges	\$17,500	\$17,500
JT22	Internet	\$350	\$350
JT23	Cellular charges	\$1,500	\$1,500
JT24	Pagers	\$500	\$500
JT25	Express services	\$100	\$100
JT26	Printing	\$2,500	\$2,500
JT27	Temporaries or Compco consulting	\$60,000	\$60,000
JT28	SDC charges	\$10,000	\$10,000
JT30	Computer Hardware Maint.	\$600	\$600
JT31	Software Maintenance- Compco and TMetrics	\$49,735	\$49,735
JT32	Office Equip Maint.	\$400	\$400
JT34	Desktop Computer Equip.	\$10,000	\$10,000
JT35	Software	\$2,500	\$2,500
JT36	Comm. Equip.	\$1,500	\$1,500
JT37	Office Furniture	\$250	\$250
JT38	Office Equip.	\$500	\$500
JT39	Food	<u>\$250</u>	<u>\$250</u>
Subtotal General Support (Indirect)		\$215,410	\$215,410
Total E&E Budget		\$28,411,089	\$29,700,985
Total Budget		\$30,514,883	\$31,784,443

State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
  
Budget By Fund

	<u>Revolving Fund</u>
Personnel Service	\$1,477,630
Expense & Equipment	\$29,700,985
Fringe Benefits	<u>\$605,828</u>
Total	\$31,784,443

## Communications Expenses By Fund





State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Centrex Access

Annual Estimated Utilization

Number of Lines:

87,096

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY11 Budget Amount</u>	<u>FY12 Budget Amount</u>
JR01 Centrex Lines - Embarq	\$3,039,228	\$1,840,164
JR02 Centrex Tax & Misc - Embarq	\$222,316	\$157,992
JR03 Centrex Fed End User - Embarq	\$421,981	\$88,536
JR22 Jeff City Music On Hold Circuit	\$1,116	\$432
Subtotal Expense and Equipment	\$3,684,641	\$2,087,124
Direct Personnel	\$117,229	\$75,619
Total Direct Allocation	\$3,801,870	\$2,162,743
Indirect Costs Allocated	\$106,550	\$48,125
Total Allocated Costs	\$3,908,420	\$2,210,868
Retained Earnings Reduction	\$0	\$0
RATF Transfer	\$0	\$0
Total Collectable Costs	\$3,908,420	\$2,210,868
<u>\$2,210,867.88</u>	=	\$25.38
87,096		
Additional Centrex Charges:		
FEDERAL UNIVERSAL FUND*		\$0.50
<u>MISSOURI UNIVERSAL FUND*</u>		<u>\$0.06</u>
TOTAL		\$25.94

**State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Dedicated Long Distance**

Annual Estimated Utilization (in minutes):  
27,895,423

Estimated Cost:  
Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY11 Budget Amount</u>	<u>FY12 Budget Amount</u>
JR04 T1 Terminations (Plexar)	\$73,788	\$78,996
JR05 Dedicated Long Distance Usage	\$1,213,325	\$947,748
JR07 Plexar VFG Trunks - AT&T	\$433,317	\$500,754
JR25 SMDR - AT&T	\$871	\$1,560
JR26 ARS Package - AT&T	\$2,618	\$1,800
JR34 LD Terminations (Plexar) - AT&T	\$82,200	\$84,480
JR36 Voice T1's (DMS to DMS)	\$0	\$0
JR52 Network Directory Listings	\$0	\$600
JU15 UC LD Circuits	\$3	\$9,600
Subtotal Expense and Equipment	\$1,806,119	\$1,625,538
Direct Personnel	\$69,441	\$54,162
Total Direct Allocation	\$1,875,560	\$1,679,699
Indirect Costs Allocated	\$52,564	\$37,376
Total Allocated Costs	\$1,928,124	\$1,717,076
Retained Earnings Reduction	\$0	\$0
RATF Transfer	\$0	\$0
Total Collectable Costs	\$1,928,124	\$1,717,076
 <u>\$1,717,076</u> 27,895,423	 = 	 \$0.0616

**State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Switched Long Distance**

Annual Estimated Utilization (in minutes):  
11,570,820

Estimated Cost:  
Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY11 Budget Amount</u>	<u>FY12 Budget Amount</u>
JR28 Contract Long Distance Service	\$726,023	\$793,848
Subtotal Expense and Equipment	\$726,023	\$793,848
Direct Personnel	\$94,228	\$79,681
Total Direct Allocation	\$820,251	\$873,529
Indirect Costs Allocated	\$22,988	\$19,438
Total Allocated Costs	\$843,239	\$892,966
Retained Earnings Reduction	\$0	\$0
RATF Transfer	\$0	\$0
Total Collectable Costs	\$843,239	\$892,966
	<u>\$892,966</u>	
	=	\$0.0772
	11,570,820	

**State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Plexar Access**

Annual Estimated Utilization

Number of Lines:  
221,928

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY11 Budget Amount</u>	<u>FY12 Budget Amount</u>
JR06 Plexar Lines - AT&T	\$2,042,118	\$1,775,760
JR07 Plexar VFG Trunks - AT&T	\$569,731	\$658,398
JR08 Plex Fed End User 9ZR - AT&T	\$1,252,651	\$1,189,620
JR09 Plex Fed End Eucl Credit - AT&T	-\$1,124,173	-\$1,063,080
JR10 Plexar Miscellaneous - AT&T	\$279,670	\$280,836
Subtotal Expense and Equipment	\$3,019,998	\$2,841,534
Direct Personnel	\$145,685	\$94,653
Total Direct Allocation	\$3,165,683	\$2,936,187
Indirect Costs Allocated	\$88,720	\$65,336
Total Allocated Costs	\$3,254,403	\$3,001,522
Retained Earnings Reduction	\$0	\$0
RATF Transfer	\$0	\$0
Total Collectable Costs	\$3,254,403	\$3,001,522
	<u>\$3,001,522</u>	
	=	\$13.52
	221,928	
Additional Plexar Charges:*		
FEDERAL UNIVERSAL FUND*		\$0.10
MISSOURI UNIVERSAL FUND*		<u>\$0.04</u>
TOTAL		\$13.66

**Plexar Pricing Policy:**

- Lines added after the beginning of the fiscal year will be at cost if cost is greater than CAP until the next annual CAP is developed. New Plexar lines which cost more than CAP will be evaluated by the Rate Committee and may never be in the CAP rate.
- Customers pay all install charges.
- Rates are based on a 2-year agreement, customers pay all penalties related to early disconnects.

\*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

**State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Data Circuits**

Annual Estimated Utilization

Actual Circuit Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY11 Budget Amount</u>	<u>FY12 Budget Amount</u>
JR24 Metropolitan Area Network Services	\$641,657	\$633,384
JR27 Satellite Services	\$269,478	\$370,740
JR30 Frame Relay & Tariff Circuits	\$2,306,353	\$1,365,780
JR35 Network Transport Circuits	\$802,925	\$396,012
JR37 ISDN-PRI	\$704,062	\$823,440
JR39 Voice Grade Circuits	\$71,344	\$72,972
JR46 MPLS	\$3,344,838	\$5,287,968
Subtotal Expense and Equipment:	\$8,140,656	\$8,950,296
Direct Personnel	\$174,139	\$167,043
Total Direct Allocation	\$8,314,795	\$9,117,339
Indirect Costs Allocated	\$233,028	\$202,878
Total Allocated Costs	\$8,547,823	\$9,320,217
Retained Earnings Reduction	0	\$0
Total Collectable Costs	\$8,547,823	\$9,320,217
	<u>\$9,320,217</u>	
	x 100% =	104.13%
	<u>\$8,950,296</u>	







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**State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Internet Service**

Annual Estimated Utilization

Number of accounts:  
51,721

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY11 Budget Amount</u>	<u>FY12 Budget Amount</u>
JI06 Hardware, Software, Maintenance	\$142,787	\$236,865
JI07 Fiber and Backhaul Charges	\$68,100	\$60,000
JI11 Digital T1 (PRI) Data Circuits	\$12,000	\$13,500
JI14 MoreNet Affiliate Fee	\$22,500	\$25,000
JI15 MoreNet Primary Connection	\$152,563	\$79,883
JI16 MoreNet Secondary Connection	\$36,800	\$52,590
JI21 MoreNet Consulting	\$5,000	\$4,500
JI28 Kinetic	\$6,875	\$7,000
 Total Direct Expenses	 \$446,625	 \$479,338
 Direct Personnel	 \$156,383	 \$176,582
Total Indirect Expenses	\$16,900	\$14,595
Total Allocated Costs	\$619,908	\$670,515
RATF Transfer	\$0	\$0
Retained Earnings Reduction	\$0	\$0
Total Collectable Costs	\$619,908	\$670,515
 <u>\$670,515</u> 51721	 = 	 \$12.96

*see distribution of costs, pages 27 & 28*

**State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Network & Security Connection**

Annual Estimated Utilization

Number of accounts:  
64,237

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>		<u>FY11 Budget Amount</u>	<u>FY12 Budget Amount</u>
J901	Hardware and Software Maintenance	\$118,073	\$145,000
J904	Software Maintenance	\$45,333	\$52,658
J906	Hardware Purchase	\$163,250	\$121,500
J910	Consulting Service	\$10,000	\$10,000
J911	Wiring and General Services	\$25,000	\$25,000
	Consulting Service	-\$30,000	\$0
Subtotal Expense and Equipment:		\$331,656	\$354,158
Direct Personnel		\$266,907	\$187,512
Total Direct Allocation		\$598,563	\$541,670
Indirect Costs Allocated		\$16,775	\$12,053
Total Allocated Costs		\$615,338	\$553,723
Retained Earnings Reduction		-\$165,400	\$0
Total Collectable Costs		\$449,938	\$553,723

*See Rate Schedule  
page 30*

**State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Wireless Service**

Annual Estimated Utilization  
Actual Costs

Estimated Cost:  
Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY11 Budget Amount</u>	<u>FY12 Budget Amount</u>
JR41 Wireless Services	\$3,895,580	\$3,751,692
Subtotal Expense and Equipment:	\$3,895,580	\$3,751,692
Direct Personnel	\$88,617	\$96,264
Total Direct Allocation	\$3,984,197	\$3,847,956
Indirect Costs Allocated	\$111,660	\$85,624
Total Allocated Costs	\$4,095,857	\$3,933,581
Retained Earnings Reduction	-\$102,894.50	(\$88,100)
Total Collectable Costs	\$3,992,962	\$3,845,481
	<u>\$3,845,481</u>	
	\$3,751,692	
	x 100% =	102.50%

**State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Unified Communications**

Annual Estimated Utilization  
Actual Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

<u>Description</u>	<u>FY11 Budget Amount</u>	<u>FY12 Budget Amount</u>
JU01 Remediation	\$0	\$379,932
JU02 Network Equipment	\$0	\$0
JU03 Maintenance on Network Equipment	\$0	\$0
JU04 Core UC Structure	\$0	\$0
JU05 Maintenance on Core Structure	\$0	\$0
JU06 Consulting Services - Installation	\$0	\$0
JU07 Consulting Services - Ongoing	\$0	\$0
JU08 PSTN Trunks	\$0	\$310,476
JU09 Network Upgrades	\$0	\$400,000
JU10 Client License	\$0	\$0
JU11 End-User Devices	\$0	\$30,096
JU12 Telepresence	\$0	\$136,572
JU13 UC Loan Amt	\$1	\$1,975,724
JU14 UC Interest	\$2	\$0
 Subtotal Expense and Equipment:	 \$0	 \$3,232,800
 Direct Personnel	 \$0	 \$518,887
Total Direct Allocation	\$0	\$3,751,687
Indirect Costs Allocated	\$0	\$83,482
Total Allocated Costs	\$0	\$3,835,169
Retained Earnings Reduction	\$0	\$0
Total Collectable Costs	\$0	\$3,835,169

*See Rate Schedule  
page 31*

**State of Missouri Communications  
Cost Allocation Plan  
Fiscal Year 2012  
Unified Communications Rates**

UC 2-Line Phone Lease	\$3.40
UC 2-Line Phone Purchase	\$286.00
UC 6-Line Phone Lease	\$4.37
UC 6-Line Phone Purchase	\$367.00
UC Basic Level Service Plan	\$3.93
UC Basic Phone Purchase	\$119.00
UC Conference Phone Purchase	\$1,057.00
UC Conversion Level Service Plan	\$6.01
UC Core Service	\$18.00
UC DID number	\$0.15
UC Handset Cord Purchase	\$3.50
UC Prof Level Service Plan	\$8.43
UC Public Level Service Plan	\$2.16
UC Side Car Purchase	\$308.50
UC Standard Level Service Plan	\$5.01
UC Video Phone Purchase	\$620.00

STATE OF MISSOURI COMMUNICATIONS  
COST ALLOCATION PLAN  
Fiscal Year 2012  
RATE CALCULATION SUMMARY

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		CENTREX ACCESS	Dedicated LONG DISTANCE	Switched LONG DISTANCE	PLEXAR ACCESS	DATA CIRCUITS	VM ADMIN. CHARGE**	PASS THRU	TOLL FREE	INTERNET SERVICE	NETWORK & SECURITY CONNECTION	WIRELESS SERVICE	UNIFIED COMM	TOTAL
DIRECT	PS	\$75,619	\$54,162	\$79,681	\$94,653	\$167,043	\$43,670	\$50,577	\$62,351	\$176,582	\$187,512	\$96,264	\$518,887	\$1,607,001
	E&S	\$2,087,124	\$1,625,538	\$793,848	\$2,841,534	\$8,950,296	\$275,295	\$2,860,164	\$2,233,788	\$479,338	\$354,158	\$3,751,692	\$3,232,800	\$29,485,575
	SUB	\$2,162,743	\$1,679,699	\$873,529	\$2,936,187	\$9,117,339	\$318,965	\$2,910,741	\$2,296,139	\$655,920	\$541,670	\$3,847,956	\$3,751,687	\$31,092,576
INDIRECT	PS	\$33,141	\$25,739	\$13,386	\$44,994	\$139,712	\$4,888	\$44,604	\$35,186	\$10,051	\$8,300	\$58,965	\$57,490	\$476,457
	E&E	\$14,984	\$11,637	\$6,052	\$20,342	\$63,165	\$2,210	\$20,166	\$15,908	\$4,544	\$3,753	\$26,659	\$25,992	\$215,410
	SUB	\$48,125	\$37,376	\$19,438	\$65,336	\$202,878	\$7,098	\$64,769	\$51,093	\$14,595	\$12,053	\$85,624	\$83,482	\$691,867
TOTAL		\$2,210,868	\$1,717,076	\$892,966	\$3,001,522	\$9,320,217	\$326,063	\$2,975,510	\$2,347,233	\$670,515	\$553,723	\$3,933,581	\$3,835,169	\$31,784,443
RE AMT							-\$44,000.00					-\$88,100.00		
COST		\$2,210,868	\$1,717,076	\$892,966	\$3,001,522	\$9,320,217	\$282,063	\$2,975,510	\$2,347,233	\$670,515	\$553,723	\$3,845,481	\$3,835,169	\$31,784,443
UTIL		87,096 LINES	27,895,423 MIN	11,570,820 MIN	221,928 LINES	\$8,950,296 COST	141,276 LINES	\$ 2,860,164 COST	46,201,552 MIN	51721 ACCOUNTS		\$3,751,692 COST		
RATE		\$25.38 (see note +)	\$0.0616	\$0.0772	\$13.52 (see note +)	104.13%	\$2.00	104.03%	\$0.0508	\$12.96 (see note ++)	SEE RATE TABLE	102.50%	SEE RATE TABLE	
FUSF	*	\$0.50			\$0.10									
MUSF	*	\$0.06			\$0.04									
TOTAL		\$25.94			\$13.66									

\*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

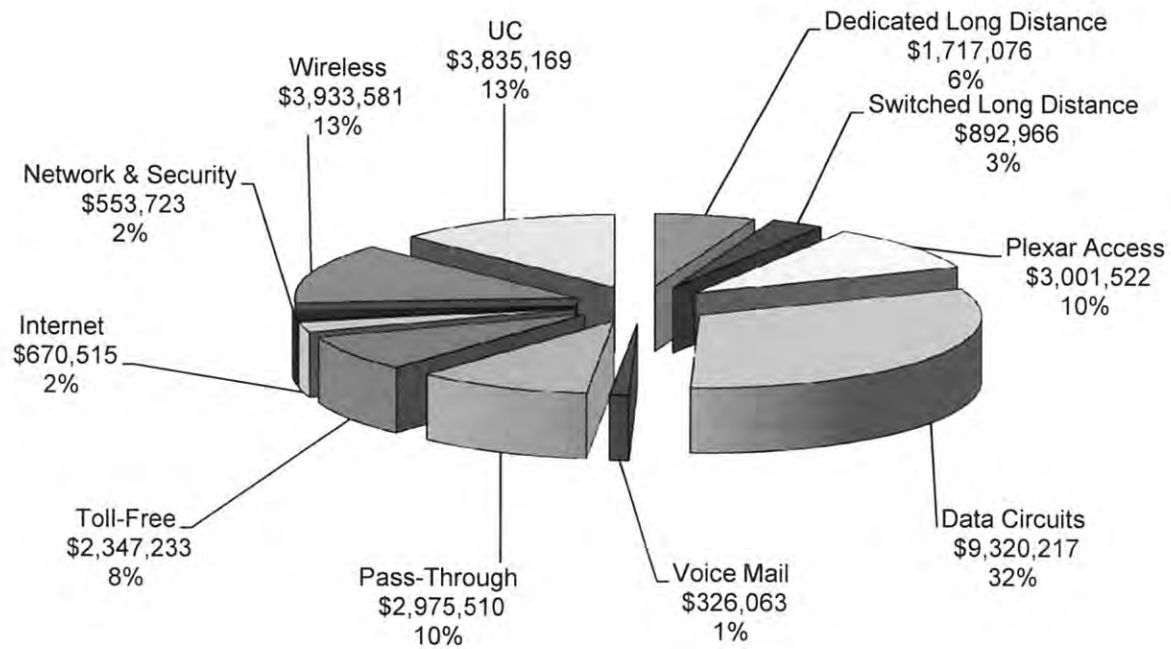
\*\*This rate is for existing mailboxes only. After conversion to the new voice mail system, rates will need to be re-evaluated.

+ This rate may vary according to installed base.

++ This rate depends on MOREnet's final rates and could change.



## Total Allocated Cost by Rate Category



**STATE OF MISSOURI TELECOMMUNICATIONS  
COST ALLOCATION PLAN  
Fiscal Year 2012  
RATE SUMMARY**

CAP Rates

Centrex Access	\$25.38 per line + FCC costs
Dedicated Long Distance	\$0.0616 per minute
Switched Long Distance	\$0.0772 per minute
Plexar Access	\$13.52 per line + FCC costs
Data Circuits	104.13% of actual cost
Voice Mail (standard mailbox)	\$2.00 per mailbox
Pass-Through Telephone Service	104.03% of actual cost
Toll-Free	\$0.0508 per minute
Internet	\$12.96 per account
Network & Security	see rate schedule
Wireless	102.5% of actual cost
Unified Communications	see rate schedule

Directory Assistance

Intrastate	\$1.99 per call
Interstate	\$1.99 per call
Toll	Actual Cost

Conference Calls

Progressive	\$10.00 per hour
Meet-Me	\$5.00 per hour

NOTE: Charges may apply if a scheduled conference is canceled without adequate advance notice.

Contract Services

Calling Card Cost (per minute)	\$.07 day/evening/night/weekend
ISDN Calls	\$.13 day/evening/night/weekend